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22 September 1980

MEMORANDUM

IRAN: THE REVOLUTION AT A CROSSROADS

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Clerical leaders of the Islamic Republic Party now that they have control of the government seem to be shifting towards a more moderate path. They may be prepared to work towards a resolution of the hostage question, but they could quickly shift again if they detect any danger of losing popular support and Khomeini's essential backing.

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Another Phase of the Revolution

The formation of the clerical-controlled government earlier this month marked the beginning of a new and critical phase of the revolution. Beheshti and the IRP have achieved clear predominance. Bani-Sadr has the presidency, but without a national organization the secular moderates have no real chance of regaining the upper hand.

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IRP leaders must now move to deal with Iran's serious problems. While no outward manifestations of dissent have occurred recently, [ ] [ ] [ ] a growing unhappiness even among Khomeini's staunch supporters because of several irritating problems.

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--Prices for basic commodities have increased to the highest level ever.

--At times it is necessary to stand in line to buy goods plentiful before the revolution.

--The government has been unable to deal with increasing petty crime.

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--Some clerics and their secular henchmen have been heavy-handed in efforts to regulate local life.

--Government agencies at all levels are increasingly inefficient and inept at providing services. [redacted]

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Anti-clericalism has been on the rise since late last Spring and is likely to increase more unless some progress is made soon on these problems. Nineteen months after the overthrow of the monarchy, revolutionary ardor is wearing thin and Bani-Sadr can no longer be blamed for the government's inability to meet popular expectations. [redacted]

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#### Clerical Concerns

The clerics are clearly worried that the opposition will benefit. Khomeini has devoted numerous speeches since he emerged from seclusion in May warning of the threat from the Islamic leftist Majahedin which though underground still has broad popular support. [redacted]

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[redacted] the clerics are afraid of the Tudeh Party but are wary of moving strongly against it for fear of offending their powerful Russian neighbor. [redacted]

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At the same time, regime spokesmen have been publicly warning of exile plotting supported by unholy alliances of foreign powers including the US, Iraq and Israel. These diatribes are meant in part to stoke Iranian xenophobia, but they reflect real concern. The success of the US in April in secretly moving troops deep inside Iran, the mid-summer coup plot, which the regime believes was supported from abroad, and Iraq's impudent seizure of disputed territory are but the more obvious reminders of the threat from other states. [redacted]

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#### Abrupt Change of Direction

Presumably with these dangers in mind, at least some IRP leaders appear to have decided to set out in a new direction in both domestic political policies and in their attitude towards the West.

--At home they have begun cooperating with Bani-Sadr and have lowered the level of invective aimed against the secular moderates.

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--In their policy towards the US, IRP leaders have sent signals of a willingness to reopen the hostage issue and have ceased to castigate President Carter. (The lack of comment on Governor Reagan suggests this latter shift has more to do with their own domestic concerns than with perceptions of the likely attitudes of a Republican administration.)

--The IRP leaders may also have at least acquiesced to the statement of 12 September which was signed by Khomeini but probably was written by members of the moderate faction. [redacted]

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#### Weighing the Risks

IRP leaders such as Beheshti have remained well in the background and not openly associated with the recent abrupt change of direction. IRP Speaker of the Assembly Rafsanjani has merely presided over the hostage debate while such relative moderates as Bazargan and Yazdi spoke of solutions and various Islamic zealots launched ferocious verbal barrages against the US. [redacted]

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Beheshti may calculate that once the most extreme members get through venting their rage, more realistic legislators will begin to build constructively on the basis of Khomeini's landmark statement. Beheshti himself is pragmatic--before the seizure of the Embassy he seemed prepared to move towards normal relations with the US. [redacted]

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Beheshti cannot now quickly negotiate a settlement of the hostage problem. He has little personal prestige and his party seems little more than a loose conglomeration of Mullahs and their secular collaborators. He is a superb political tactician, however, and it is possible that he will find a way to prevail on the hostage issue. [redacted]

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Beheshti and the IRP leaders, on the other hand, are determined to retain political power. Because they have committed none of their prestige to a resolution of the hostage problem, they can easily change course again towards extremism if they calculate their moderation is allowing more extremist politicians to hurt them politically. They could also change direction if the negotiations with the US seem to be resuscitating the fortunes of the secular moderates. They will be particularly sensitive to any signs that the US wants to hurt them through the negotiations.

[redacted]

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Any negotiations will almost certainly be tortuous for the US. The revolutionaries cannot "compromise" with the enemy--the US--and they must carefully build public opinion to accept a hostage release. They are concerned about their problems, but are likely to toughen if the US attempts to push too hard for a quick solution.

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